CAMPARI

OUTPERFORM

Sector: Consumers

Price: Eu6.06 - **Target: Eu8.00**

Slower Start Mainly Due to Phasing. Guidance Confirmed

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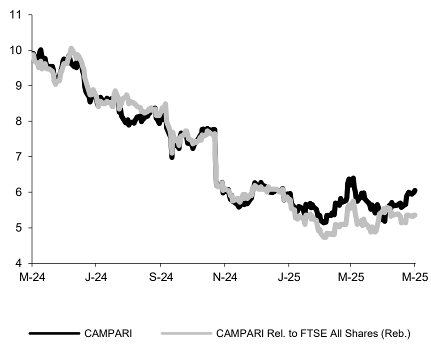
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 8.50 to 8.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-6.3%	-6.3%	-6.2%

CAMPARI - 12M Performance



Stock Data			
Reuters code:			CPRI.MI
Bloomberg code:			CPR IM
Performance	**1M**	**3M**	**12M**
Absolute	11.4%	16.2%	-38.7%
Relative	-4.3%	11.1%	-52.3%
12M (H/L)			10.02/5.14
3M Average Volume (th):			8,500.40

Shareholder Data	
No. of Ord shares (mn):	1,162
Total no. of shares (mn):	1,231
Mkt Cap Ord (Eu mn):	7,035
Total Mkt Cap (Eu mn):	7,035
Mkt Float - Ord (Eu mn):	2,755
Mkt Float (in %):	39.2%
Main Shareholder:	
Alicros (Garavoglia Fam.)	51.0%

Balance Sheet Data	
Book Value (Eu mn):	3,325
BVPS (Eu):	2.70
P/BV:	2.2
Net Financial Position (Eu mn):	-2,172
Enterprise Value (Eu mn):	9,629

- **Softer start to the year but underlying trends are encouraging.** Campari released 1Q25 results after market close yesterday, posting a slightly lower-than-expected performance in the early months of the year (1Q being the smallest and slowest quarter of the year, seasonally-speaking) or top line organic growth at -4% vs. consensus c.-1% YoY. As highlighted by management, this was mainly related to two key factors affecting sales phasing: the timing of Easter compared to last year, accounting for -1.5% organic growth or c.-Eu10mn, and US logistic delays in shipping impacting for c.Eu-11mn, a further -1.6% erosion of organic growth. Net of these effects, 1Q25 organic sales growth would have been -1.1% YoY, or broadly aligned with expectations. Contingent factors are already due to recover in 2Q25, which should show positive organic growth, while the second part of the year should see an even stronger growth trend. It is worth highlighting that on top of all these factors, the sell-through outperformance of the spirits market continued in 1Q in nearly all geographical areas, with a strong bounce-back in April in markets affected by the timing of Easter, demonstrating the ongoing strength of brands.
- **Profitability also affected.** Previously-indicated phasing effects were also reflected on A&P and SG&A, resulting in adj. EBIT at Eu136mn (vs. Eu141mn expected) or a 20.4% margin on sales (our estimate 20.5%, consensus 20.3%).
- **Guidance confirmed amid uncertainties acknowledging low visibility.** Despite stating that visibility in the current scenario remains very low, management confirmed previous expectations for moderate organic sales growth in FY25 and a flattish organic adj. EBIT margin. As previously indicated, adj. EBIT performance is seen more skewed to 2H due to adverse phasing. The impact of tariffs on profitability is now expected at c.Eu25mn vs. Eu35mn before any mitigation, and is not included in guidance. Management remains focused on the "controllables" i..e. deleveraging, cost management, marketing and commercial execution, and pricing discipline, on top of portfolio optimisation, which remains a priority.
- **Change in estimates.** Based on results and, more importantly, the current volatility, we add some caution on organic sales growth for the year, which we still expect to be positive at +1.9% YoY vs.+3.5% previously. We are also trimming our assumptions on costs based on management's focus on commercial execution, which we deem more difficult without activation support or A&P investments.
- **OUTPERFORM confirmed, target Eu8 (from Eu8.5).** We still appreciate Campari's resilience. Despite contingent factors and macroeconomic effects, underlying trends proved solid thanks to one of the industry's most balanced and renowned brand portfolios, which still has notable untapped potential. Moreover, the company can maintain strong price discipline due to high on-premises exposure, strong brand momentum across markets, and a premium positioning, definitely a plus in the current context. We therefore reiterate our OUTPERFORM recommendation, still viewing the stock de-rating as an opportunity in light of future developments. The company's high-end profile and better performance vs. competition justifies a valuation at least in line with history (1Y FW EV/EBITDA c.14x historically, vs. c.11x now; 1Y FW P/E c.25x historically vs. 19x now).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,919	3,070	3,210	3,379	3,598
EBITDA Adj (Eu mn)	650	520	711	794	858
Net Profit Adj (Eu mn)	390	376	369	420	456
EPS New Adj (Eu)	0.336	0.305	0.300	0.341	0.370
EPS Old Adj (Eu)	0.336	0.305	0.320	0.364	0.395
DPS (Eu)	0.070	0.080	0.090	0.100	0.110
EV/EBITDA Adj	23.0	24.5	13.5	11.8	10.5
EV/EBIT Adj	27.7	32.5	17.1	14.9	13.5
P/E Adj	18.0	19.8	20.2	17.8	16.4
Div. Yield	1.2%	1.3%	1.5%	1.7%	1.8%
Net Debt/EBITDA Adj	2.8	4.6	3.1	2.4	1.8

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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